



**USAID | PHILIPPINES**  
FROM THE AMERICAN PEOPLE

## **PRESS CLIPPINGS**

Office of Program Resources Management

(632) 552-9907

*Saturday, August 27, 2005*

**“USAID/Philippines does not vouch for the accuracy or the opinions of the articles provided in this press clipping service and assume no responsibility for their content. Please contact USAID/Philippines at [usaidph@mozcom.com](mailto:usaidph@mozcom.com) if you have any questions about USAID programs and projects.”**

### **STRATEGIC OBJECTIVE #12 (SO12)**

**(Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence)**

# **Bickerings, surging costs sinking RP shipping sector**

**ZAMBOANGA CITY** – The local shipping industry and the government should take concrete steps in enhancing competitiveness against its fast-developing neighbors instead of engaging in arguments and fault-finding, an official of a US-based development agency said.

Development planners underscored during the Conference that it is high time for the domestic shipping industry to “collectively” address concerns affecting its competitiveness and avoid the usual “finger-pointing” that has characterized previous shipping dialogues and conferences.

“While we’ve been arguing in the Philippines (as to who is at fault), business-oriented producers, consolidators, shippers and transport companies in Singapore, Malaysia and China have been developing strategies to efficiently compete in global markets,” noted John Dalton, chief of party of the USAID-funded Growth with Equity in Mindanao (GEM) Program. “They’re

winning; we’re losing.”

In a two day conference that was more about lips than ships, shippers industry adversaries simply talked themselves into another anodyne “Action Agenda” which they devotedly sent to Manila for last rites.

Participants at the 5th Mindanao Shippers Conference – shippers, exporters, freight forwarders and consolidators, representatives of shipping lines and cargo handling companies, and officials of concerned government institutions – vowed to get their act together and jointly push for industry-specific reforms geared towards eliminating inefficiencies in the system and to spur not only the industry’s development but also the economic growth and market reach of Mindanao.

In a show of unity, the delegates submitted a “Private-Public Sector Action Agenda” to the national government which outlined specific recommendations aimed at

enhancing the competitiveness of the country’s shipping industry.

Dalton said now is the time for action not action plans. He challenged conference delegates to be realistic in setting objectives.

He stressed that shipping is “all about doing business for profit. Everyone needs to make money for the system to work efficiently.” Industry players must therefore focus their efforts in improving efficiencies across the breadth of the production and logistics chain.

Shippers must craft realistic strategies and dovetail them to present market realities that put a high premium on production and transport efficiency.

“No (shipping) business will change its overall dynamics to serve imaginary, low-end clients. Medium and large companies will always be the priority (of shipping companies). Theoretical cargoes of marginal companies are simply not the stuff of effective planning,” he said.

He explained that this is the

reason why GEM is actively promoting increased production, cargo consolidation for high value produce, and improved logistics at key ports and on improving transport vessels to move Mindanao products to markets in China and Japan.

The proposed Action Agenda will serve as the shipping industry’s “roadmap” to guide both public and private development planners in laying the groundwork for a more efficient and effective sea transport system.

For decades, the domestic shipping industry has been saddled by the same old issues: high shipping and cargo handling rates, rising fuel costs, inefficient port services, lack of sufficient cargo volumes, and absence of government incentives to encourage increased private sector investments in the industry.

These problems have taken a heavy toll on the overall performance of the economy – restricting the growth targets of various upstream and downstream

sectors and putting off the expansion plans of other major players.

Escalating shipping and cargo handling rates have been the perennial thorn on the side of Mindanao shippers, especially for the island’s agricultural producers, exporters and processors who bear the brunt of such increases.

According to the Mindanao Federation of Shippers’ Associations (MINFESA), three freight increases in a span of one year: 9.6 percent in October 2004; 6 percent in January 2005; and 6.9 percent in July 2005, have destroyed the region’s competitive advantages of cheap labor, high productivity and quality produce.

MINFESA also revealed that cargo handling operators in Manila’s North Harbor have recently applied for an 18 percent tariff rate increase. As a result, port-related charges from Mindanao to Manila are estimated to increase by an average of 40 percent in the next year.

**(Source: The Daily Tribune, 8/27/05, page 7)**